



July 21, 2011

To All Entities Who Hold Mortgage Loans Secured by Pennsylvania Real Property:

On behalf of the Commonwealth of Pennsylvania Department of Banking (the "Department") and the Pennsylvania Housing Finance Agency ("PHFA"), we write to inform you of an important change in the mortgage foreclosure process that is occurring in Pennsylvania which could have a significant impact on the manner in which you will be able to institute mortgage foreclosures.

On May 28, 2011, pursuant to Section 409-C of the Housing Finance Agency Law, 35 P.S. § 1680.101 *et seq.* (the "Act"), PHFA provided notice in the *Pennsylvania Bulletin* (41 Pa.B. 2789) that it will have insufficient money available in the Homeowner's Emergency Mortgage Assistance Program (the "Fund") to accept new applications for emergency mortgage assistance on or after July 1, 2011 (the "Notice"). The Act provides that PHFA establish a date certain, which is at least 90 days from the date of the Notice, after which mortgagees shall no longer be subject to the notice provisions of the Act, commonly referred to as the Act 91 notice. On July 16, 2011, by supplemental notice published in the *Pennsylvania Bulletin* (41 Pa.B. 3943), PHFA established the date certain as August 27, 2011. Thus, at any time on or after August 27, 2011, mortgagees may take legal action to enforce a mortgage without any further restriction or requirement of the Act (i.e., the Act 91 notice) without respect to the date upon which a mortgage obligation becomes delinquent.

After August 27, 2011, mortgagees will be required to issue the notice as provided by Section 403 of the Act of January 30, 1974 (P.L. 13, No. 6), 41 P.S. § 403, known as the Loan Interest and Protection Law, for which the Department by regulation has promulgated a model notice that may be found at 10 Pa. Code § 7.4 (the "Act 6 Notice"). In the calendar year 2011, the Act 6 Notice is required before accelerating the maturity of residential mortgage obligations of \$221,540 or less, commencing any legal action including mortgage foreclosure to recover under such obligations, or taking possession of any security of the residential mortgage debtor for such residential mortgage obligations. A copy of the Act 6 Notice may be found on the Department's website at www.banking.state.pa.us. The dollar figure applicable to the Act 6 Notice changes annually as published by the Department in the *Pennsylvania Bulletin*, typically in November of each year. *See, e.g.*, 40 Pa.B. 6537.

Please note that this change in applicable notices to be used to institute mortgage foreclosures does not affect any additional notices required by local, state or federal laws, rules or regulations. You are strongly urged to seek the advice of counsel before instituting mortgage foreclosure proceedings on mortgages that have become delinquent in 2011.

Mortgagees are reminded that PHFA currently has funds available under the federal Emergency Homeowners Loan Program ("EHLPP"), and we urge mortgagees to provide an opportunity to their mortgagors facing default to apply for EHLPP assistance. PHFA expects to have funds available to fund qualified EHLPP applicants through September 2011.

Should you have any questions regarding this letter, please contact the Department at 1-800-PA-BANKS or www.banking.state.pa.us, or PHFA at 1-800-342-2397 or www.phfa.org. The Department and PHFA encourage lenders to work with homeowners to save their homes from foreclosure through effective loss mitigation efforts and stand ready to help you work through this necessary change in mortgage foreclosure notice requirements.

Sincerely,



Glenn E. Moyer
Secretary of Banking



Brian A. Hudson, Sr.
Executive Director, PHFA